



Substitute House Bill No. 7316

Public Act No. 17-226

***AN ACT CONCERNING EVALUATION OF BUSINESS ASSISTANCE
AND INCENTIVE PROGRAMS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 32-1m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Not later than February [1, 2006, and annually thereafter] first, annually, the Commissioner of Economic and Community Development shall submit a report to the Governor, the Auditors of Public Accounts and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding and commerce, in accordance with the provisions of section 11-4a. Not later than thirty days after submission of the report, [to the Governor and the General Assembly,] said commissioner shall post the report on the Department of Economic and Community Development's web site. [Said] Such report shall include, but not be limited to, the following information with regard to the activities of the Department of Economic and Community Development and to business assistance or incentive programs not administered by the department, during the preceding state fiscal year:

Substitute House Bill No. 7316

(1) A brief description and assessment of the state's economy during such year, utilizing the most recent and reasonably available data, and including:

(A) Connecticut employment by industry;

(B) Connecticut and national average unemployment;

(C) Connecticut gross state product, by industry;

(D) Connecticut productivity, by industry, compared to the national average;

(E) Connecticut manufacturing activity;

(F) Identification of economic and competitive conditions affecting Connecticut's industry sectors, problems resulting from these conditions and state efforts to address the problems;

(G) A brief summary of Connecticut's competitiveness as a place for business, which shall include, but not be limited to, an evaluation of (i) how the programs and policies of state government affect the state economy and state business environment, (ii) the ability of the state to retain and attract businesses, (iii) the steps taken by other states to improve the competitiveness of such states as places for business, and (iv) programs and policies the state could implement to improve the competitiveness of the state in order to encourage economic growth; and

(H) Any other economic information that the commissioner deems appropriate.

(2) A statement of the department's economic and community development objectives, measures of program success and standards for granting financial and nonfinancial assistance under programs administered by the department.

Substitute House Bill No. 7316

(3) An analysis of the economic development portfolio of the department, including, but not limited to, each business assistance or incentive program, including any business tax credit or abatement program, grant, loan, forgivable loan or other form of assistance, enacted for the purpose of improving economic development. The analysis shall include:

(A) A list of the names, addresses and locations of all recipients of the department's assistance;

(B) The following information concerning each recipient of such assistance: (i) Business activities, (ii) standard industrial classification codes or North American industrial classification codes, (iii) number of full-time jobs and part-time jobs at the time of application, (iv) number of actual full-time jobs and actual part-time jobs during the preceding state fiscal year, (v) whether the recipient is a minority or woman-owned business, (vi) a summary of the terms and conditions for the assistance, including the type and amount of state financial assistance, job creation or retention requirements and anticipated wage rates, (vii) the amount of investments from private and other nonstate sources that have been leveraged by the assistance, (viii) the extent to which employees of the recipient participate in health benefit plans offered by such recipient, (ix) the extent to which the recipient offers unique economic, social, cultural or aesthetic attributes to the municipality in which the recipient is located or to the state, and (x) the amount of state investment;

(C) A portfolio analysis, including (i) an analysis of the wages paid by recipients of financial assistance, (ii) the average portfolio wage, median portfolio wage, highest and lowest portfolio wage, (iii) portfolio wage data by industry, and (iv) portfolio wage data by municipality;

(D) An investment analysis, including (i) total portfolio value, (ii)

Substitute House Bill No. 7316

total investment by industry, (iii) portfolio dollar per job average, (iv) portfolio leverage ratio, and (v) percentage of financial assistance which was provided to high performance work organizations in the preceding state fiscal year; [and]

(E) An analysis of the estimated economic effects of the department's economic development investments on the state's economy, including (i) contribution to gross state product for the total economic development portfolio and for any investment activity occurring in the preceding state fiscal year, (ii) direct and indirect employment created by the investments for the total portfolio and for any investment activity occurring in the preceding state fiscal year, (iii) productivity of recipients of financial assistance as a result of the department's investment occurring in the preceding state fiscal year, (iv) directly or indirectly increased property values in the municipalities in which the recipients of assistance are located, and (v) personal income. The analysis shall include, for each business assistance or incentive program for which such data is available, the number of new jobs created, the borrowing cost to the state and the estimated impact of such program on annual state revenues;

(F) An analysis of whether the statutory and programmatic goals of each business or incentive program are being met, with obstacles to such goals identified, if possible;

(G) (i) Recommendations as to whether any existing business assistance or incentive program should be continued, modified or repealed and the basis or bases for such recommendations, and (ii) any recommendations for additional data collection by the state to better inform future evaluations of such programs; and

(H) The methodologies and assumptions used in carrying out the analyses under this subdivision.

Substitute House Bill No. 7316

(4) An analysis of the community development portfolio of the department, including:

(A) A list of the names, addresses and locations of all recipients of the department's assistance;

(B) The following information concerning each recipient of such assistance: (i) Amount of state investment, (ii) a summary of the terms and conditions for the department's assistance, including the type and amount of state financial assistance, and (iii) the amount of investments from private and other nonstate sources that have been leveraged by such assistance;

(C) An investment analysis, including (i) total active portfolio value, (ii) total investments made in the preceding state fiscal year, (iii) total portfolio by municipality, (iv) total investments made in the preceding state fiscal year categorized by municipality, (v) total portfolio leverage ratio, and (vi) leverage ratio of the total investments made in the preceding state fiscal year; and

(D) An analysis of the estimated economic effects of the department's economic development investments on the state's economy, including (i) contribution to gross state product for the total portfolio and for any investment activity occurring in the preceding state fiscal year, (ii) direct and indirect employment created by the investments for the total portfolio and for any investment activity occurring in the preceding state fiscal year, (iii) productivity of recipients of financial assistance as a result of the department's investment occurring in the preceding state fiscal year, (iv) directly or indirectly increased property values in the municipalities in which the recipients are located, and (v) personal income.

(5) An analysis of each business assistance or incentive program, including any business tax credit or abatement program, grant, loan,

Substitute House Bill No. 7316

forgivable loan or other form of assistance, enacted for the purpose of improving economic development, that (A) (i) had ten or more recipients of assistance in the preceding state fiscal year, or (ii) credited, abated or distributed more than one million dollars in the preceding state fiscal year, and (B) is not administered by the department. The analysis shall include:

(i) An overview of the business assistance or incentive program and an analysis of its estimated economic effects on the state's economy, including, for each program where such data is available, the number of new jobs created and the estimated impact of such program on annual state revenues;

(ii) An analysis of whether the statutory and programmatic goals of each business assistance or incentive program are being met, with obstacles to such goals identified, if possible;

(iii) Recommendations as to whether any such existing business assistance or incentive program should be continued, modified or repealed and the basis or bases for such recommendations, and any recommendations for additional data collection by the state to better inform future evaluations of such programs; and

(iv) The methodologies and assumptions used in carrying out the analysis under this subdivision.

[(5)] (6) A summary of the department's economic and community development marketing efforts in the preceding state fiscal year, a summary of the department's business recruitment strategies and activities in such year, and a summary of the department's efforts to assist small businesses and minority business enterprises in such year.

[(6)] (7) A summary of the department's international trade efforts in the preceding state fiscal year, and, to the extent possible, a summary of foreign direct investment that occurred in the state in such

Substitute House Bill No. 7316

year.

[(7)] (8) Identification of existing economic clusters, the formation of new economic clusters, the measures taken by the commissioner during the preceding state fiscal year to encourage the growth of economic clusters and the amount of bond funds expended by the department during the previous fiscal year on each economic cluster.

[(8)] (9) (A) A summary of the department's brownfield-related efforts and activities within the Office of Brownfield Remediation and Development established pursuant to subsections (a) to (d), inclusive, of section 32-761 in the preceding state fiscal year, except for activity under the Special Contaminated Property Remediation and Insurance Fund program. Such efforts shall include, but not be limited to, (i) total portfolio investment in brownfield remediation projects, (ii) total investment in brownfield remediation projects in the preceding state fiscal year, (iii) total number of brownfield remediation projects, (iv) total number of brownfield remediation projects in the preceding state fiscal year, (v) total of reclaimed and remediated acreage, (vi) total of reclaimed and remediated acreage in the preceding state fiscal year, (vii) leverage ratio for the total portfolio investment in brownfield remediation projects, and (viii) leverage ratio for the total portfolio investment in brownfield remediation projects in the preceding state fiscal year. Such summary shall include a list of such brownfield remediation projects and, for each such project, the name of the developer and the location by street address and municipality and a tracking of all funds administered through or by said office;

(B) A summary of the department's efforts with regard to the Special Contaminated Property Remediation and Insurance Fund, including, but not limited to, (i) the number of applications received in the preceding state fiscal year, (ii) the number and amounts of loans made in such year, (iii) the names of the applicants for such loans, (iv) the average time period between submission of application and the

Substitute House Bill No. 7316

decision to grant or deny the loan, (v) a list of the applications approved and the applications denied and the reasons for such denials, and (vi) for each project, the location by street address and municipality; and

(C) A summary of the department's efforts with regard to the dry cleaning grant program, established pursuant to section 12-263m, including, but not limited to, (i) information as to the number of applications received, (ii) the number and amounts of grants made since the inception of the program, (iii) the names of the applicants, (iv) the time period between submission of application and the decision to grant or deny the loan, (v) which applications were approved and which applications were denied and the reasons for any denials, and (vi) a recommendation as to whether the surcharge and grant program established pursuant to section 12-263m should continue.

[(9)] (10) The following information concerning enterprise zones designated under section 32-70:

(A) A statement of the current goals for enterprise zones;

(B) A statement of the current performance standards to measure the progress of municipalities that have enterprise zones in attaining the goals for such zones;

(C) A report from each municipality that has an enterprise zone, which evaluates the progress of the municipality in meeting the performance standards established under section 32-70a; and

(D) An assessment of the performance of each enterprise zone based on information collected under subparagraph (C) of this subdivision.

[(10)] (11) With regard to the grant program designated pursuant to sections 32-324a to 32-324e, inclusive, an assessment of program

Substitute House Bill No. 7316

performance.

[(11)] (12) With regard to the fuel diversification program designated pursuant to section 32-324g, an assessment of program performance.

[(12)] (13) An assessment of the performance of the Connecticut qualified biodiesel producer incentive account grant program established pursuant to sections 32-324a to 32-324e, inclusive.

[(13)] (14) An assessment of the performance of the fuel diversification grant program established pursuant to section 32-324g.

[(14)] (15) A summary of the total social and economic impact of the department's efforts and activities in the areas of economic and community development, and an assessment of the department's performance in terms of meeting its stated goals and objectives.

[(15)] (16) With regard to the Connecticut Credit Consortium established pursuant to section 32-9yy, a summary of the activity of such program, including, but not limited to, the number of loans and lines of credit applied for and approved, the size of the businesses, the amount of the loans or lines of credit, and the amount repaid to date.

[(16)] (17) With regard to the office of the permit ombudsman, established pursuant to section 32-726:

(A) The names of applicants for expedited review;

(B) The date of request for expedited review;

(C) The basis upon which the applicant claimed eligibility for expedited review;

(D) State agencies that participated in the permit review process;

Substitute House Bill No. 7316

(E) The dates on which the permit was granted or denied via the expedited review process or the date the applicant was determined not to be eligible for expedited review; and

(F) If applicable, the reason the applicant was determined not to be eligible for the expedited review process.

[(17)] (18) With regard to the Small Business Express program established pursuant to section 32-7g, data on (A) the number of small businesses that applied to the Small Business Express program, (B) the number of small businesses that received assistance under said program and the general categories of such businesses, (C) the amounts and types of assistance provided, (D) the total number of jobs on the date of application and the number proposed to be created or retained, and (E) the most recent employment figures of the small businesses receiving assistance.

[(18)] (19) With regard to airport development zones established pursuant to section 32-75d, a summary of the economic and cost benefits of each zone and any recommended revisions to any such zones.

(b) Any annual report that is required from the department by any provision of the general statutes shall be incorporated into the annual report [provided] submitted pursuant to subsection (a) of this section.

(c) On or before March 1, 2018, and annually thereafter, the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding and commerce shall hold, individually or jointly, one or more public hearings on the analyses included in the annual report under subdivisions (3) and (5) of subsection (a) of this section.

Sec. 2. (NEW) (*Effective from passage*) (a) As used in this section:

Substitute House Bill No. 7316

(1) "Annual report" means the report required under subsection (a) of section 32-1m of the general statutes, as amended by this act;

(2) "Incentive programs" means every business assistance or incentive program, including any business tax credit or abatement program, grant, loan, forgivable loan or other form of assistance, enacted for the purpose of improving economic development; and

(3) "Performance audit" means an examination of performance that provides findings or conclusions to determine effectiveness in achieving expressed legislative purposes.

(b) As part of each audit the Auditors of Public Accounts perform of the Department of Economic and Community Development or as a stand-alone audit, said auditors shall conduct a performance audit of incentive programs, in such order and frequency as said auditors deem necessary. Said auditors shall conduct any such performance audit in accordance with generally accepted government auditing standards or by another method said auditors deem appropriate.

(c) As part of each audit the Auditors of Public Accounts perform of the Department of Economic and Community Development, said auditors shall evaluate the annual reports submitted by the Commissioner of Economic and Community Development since the last audit performed of the department by said auditors and the analyses required under subdivisions (3) and (5) of subsection (a) of section 32-1m of the general statutes, as amended by this act, and included in such annual reports. Such evaluation shall include, but need not be limited to:

(1) A determination of whether evidence is available to support the accuracy of the data presented in such annual reports;

(2) An evaluation of management practices and operations with respect to the ease or difficulty for taxpayers to comply with the

Substitute House Bill No. 7316

requirements of the incentive programs;

(3) Recommendations for improving the administrative efficiency or effectiveness of the incentive programs; and

(4) An evaluation of whether such annual reports satisfy the reporting requirements under subsection (a) of section 32-1m of the general statutes, as amended by this act.

(d) (1) The Auditors of Public Accounts shall submit a report, in accordance with section 11-4a of the general statutes, of the performance audit and evaluation required, pursuant to subsections (b) and (c) of this section, as part of each audit said auditors perform of the Department of Economic and Community Development, to the Governor, the Secretary of the Office of Policy and Management and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding and commerce. Such report may be submitted as part of the audit report of the Department of Economic and Community Development that said auditors issue pursuant to section 2-90 of the general statutes.

(2) The Auditors of Public Accounts shall submit a report, in accordance with section 11-4a of the general statutes, of any stand-alone performance audit conducted pursuant to subsection (b) of this section, to the Governor, the Secretary of the Office of Policy and Management and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding and commerce.

(e) Said committees shall hold, individually or jointly, one or more public hearings on a report submitted pursuant to subsection (d) of this section.

Substitute House Bill No. 7316

Sec. 3. Section 32-1r of the general statutes is repealed. (*Effective from passage*)

Approved July 11, 2017